



Bank Notes

A Newsletter for Michigan Lenders

November 1, 2005

Issue 136

FY 2005 Lending Report

What another great year the SBA and our lending partners had in providing access to capital to small business owners in Fiscal Year 2005! Nationally, SBA had a record-shattering year by backing 97,891 loans totaling \$19 billion. This is the fifth consecutive year that SBA has set a loan volume record.

Statewide, the Michigan District Office guaranteed 3,135 loans worth almost \$561 million. This was an increase of 53% in the number of loans and 19% in dollars over the previous year, setting all-time records for SBA lending in Michigan for the fourth year in a row. The 122% increase in our user friendly SBAExpress program was especially noteworthy as 2,177 of our 2,946 7(a) loans were approved under this program. Michigan was one of only two offices in which the rate of increase in both the 7(a) and 504 programs ranked in the top 10 nationally.

SBA's achievements in accomplishing all of these records can be directly attributed to our outstanding lending partners. I want to thank all of SBA's participating lenders that supported our loan programs and Michigan's small business community in FY 2005.

Shown below is a comparison of our loan activity for FY 2004 and FY 2005.

| Loan Programs | # of Loans FY 04 | # of Loans FY 05 | % Increase |
|---------------------|-------------------------|-------------------------|-------------------|
| 7(a) | 1,905 | 2,946 | 55% |
| 504 | 145 | 189 | 30% |
| Total | 2,050 | 3,135 | 53% |
| New Markets | # of Loans FY 04 | # of Loans FY 05 | % Increase |
| African American | 108 | 141 | 31% |
| Hispanic American | 32 | 49 | 53% |
| Asian American | 159 | 225 | 42% |
| Native American | 21 | 18 | (14)% |
| Total Minority | 367 | 447 | 22% |
| Women | 369 | 660 | 79% |
| Veterans | 199 | 195 | (2)% |
| International Trade | 34 | 55 | 62% |

New Bank Notes Distribution

To receive future issues of Bank Notes, you will need to subscribe through SBA's Free Newsletter and Publication Subscription Center.

The process is easy. Simply go to Web page <http://web.sba.gov/list/>; then scroll down and check the box entitled "Michigan Bank Notes Newsletter." Then scroll down and enter your name and e-mail address at the bottom of the page and hit the "Subscribe" button.

We appreciate your cooperation.

Loan Goals

Like you, SBA has goals, and we will appreciate your help in attaining our's by doing the following:

Ask every loan applicant, man or woman, if they are a veteran.

Record properly all minority and women-owned businesses.

Record whether a business exports any of its goods or services - this includes doing business in Canada.

Remember that an existing business is one that has been in business more than 24 months. A change of ownership does not affect this. A "start-up" has been a business for no more than 24 months.

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SBAExpress Explodes

Many Michigan lenders have found the SBAExpress Loan Program to be a real asset in their effort to serve their communities. Evidence of this is the 122% increase in *Express* loans in FY 2005 - a total of 2,177 loans for \$134.6 million.

SBAExpress allows lenders to use primarily their own forms, procedures, and analyses to process SBA guaranty loan applications on an expedited basis through the Sacramento Preferred Lender Processing Center.

SBAExpress is an appealing loan product for borrowers and lenders and the following points summarize the program's advantages:

- The program is available to lenders not formerly participating with SBA, if they meet certain eligibility requirements.
- The maximum loan amount for SBAExpress is \$350,000.
- The program may be used for both term loans and lines of credit.
- Lenders are allowed to charge up to 6.5 percent over the prime rate for loans of \$50,000 or less and up to 4.5 percent over the prime rate for loans over \$50,000.
- Qualified lenders are authorized to make SBA eligibility determinations.
- Most SBAExpress loan applicants are required to sign just one two-sided SBA form, which is retained by the lender and is not sent on to the Agency.
- Qualified lenders are required to forward only a single page of borrower information to the Agency.
- SBA expedites purchases of all SBAExpress loans with remaining balances of \$50,000 or less, all Export Express loans, and all SBAExpress loans where liquidation may be delayed.

Lenders Supporting the 504 Loan Program

During FY 2005, we approved a record-setting 189 504 loans worth \$114.5 million in Michigan. These loans were supported by 67 different third party lenders. The following lenders supported five or more 504 loans:

| Lender | # of Loans |
|-----------------------|-------------------|
| Fifth Third Bank | 24 |
| Bank One | 15 |
| KeyBank | 15 |
| Comerica | 10 |
| National City | 9 |
| Citizens Bank | 8 |
| LaSalle Bank | 8 |
| Chemical Bank & Trust | 6 |
| GE Capital Bank | 5 |
| Northwestern Bank | 5 |

SBA's 504 Loan Program provides long-term, fixed rate, subordinated financing for acquisition and/or renovation of capital assets, including land, buildings, and equipment.

With 504 financing, the typical financial structure consists of 10% from the borrower, 50% from the commercial lender, and 40% from the Certified Development Company (CDC). The CDC portion is provided by 100% SBA guaranteed debentures.

For more information, please contact one of the CDCs listed below. These organizations specialize in packaging 504 loans and will manage the entire process to make sure it goes smoothly.

Michigan Certified Development Companies

Economic Dev. Foundation-Certified
Grand Rapids, P (888) 330-1776

Growth Finance Corporation
Howard City, P (231) 924-7461

Lakeshore 504 - South Office
Holland, P (616) 392-9633

Lakeshore 504 - North Office
Grand Haven, P (616) 846-3153

Metropolitan Growth and Development Corporation
Detroit, P (313) 224-0820

Michigan Certified Development Corporation
Lansing, P (517) 886-6612

Oakland County Business Finance Corporation
Pontiac, P (248) 858-0879

SEM Resource Capital
Livonia, P (734) 464-4418

SEM Resource Capital
Holland, P (616) 396-8591

- Lenders may opt to have Treasury liquidate all SBAExpress loans with remaining balances of \$50,000 or less, if there is no bankruptcy, foreclosure, or cross-collateralization with another SBA loan.

For more information or answers to your questions, please contact Leslie Gierke at (313) 226-6075 ext 237 or at Leslie.Gierke@sba.gov.



2006 Michigan Lenders' Conference

SBA's 8th Annual Michigan Lenders' Conference will be held March 8, 2006, at the Kellogg Center at Michigan State University in East Lansing. Cosponsored by the Michigan Small Business and Technology Development Center, the conference will feature training sessions on a wide range of topics for a variety of bank personnel.

Several awards, including the coveted "SBA Lender of the Year," will be presented during lunch. Brochures and registration materials will be sent out in February.



2006 Michigan Small Business Sourcebook

The 2006 edition of the Sourcebook is now available. Contact Allen Cook at (313) 226-6075 x221 or allen.cook@sba.gov for copies of this valuable resource for you and your customers.